

FAIR

FUND FOR ASSURING AN INDEPENDENT RETIREMENT

TESTIMONY OF

FUND FOR ASSURING AN INDEPENDENT RETIREMENT (FAIR)

before the

CIVIL SERVICE, POST OFFICE AND GENERAL SERVICES SUBCOMMITTEE

of the

COMMITTEE ON GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

September 14, 1983

Mr. Chairman. On behalf of the President and Chairman of the Board, Vincent Sombrotto, we appear here today as representatives of FAIR -- Fund for Assuring an Independent Retirement. Recently, the 26 member organizations voted unanimously to continue FAIR as a voluntary coalition of unions and employee organizations concerned with legislative issues affecting all active and retired federal and postal employees. At its June 7, 1983 Board of Directors meeting, new officers were elected: Vincent Sombrotto, Chairman of the Board and President; Kimberly C. Parker, Secretary; and Jerry Klepner, Treasurer. My name is Jerry Klepner. With me this morning are Kimberly C. Parker, Secretary of FAIR, and George Gould, Chairman of FAIR's Legislative Committee.

We are here today at your invitation to discuss FAIR's position on the situation facing new federal and postal employees hired on or after January 1, 1984. Under the present law, they will be required to pay 7% into Civil Service Retirement and an additional 7% into Social Security.

As usual, Mr. Chairman, it is a pleasure to appear before you and your Subcommittee. We appreciate the interest you have always shown and

- 2 -

continue to show in the welfare of all government employees and retirees. We realize the Chairman's time constraint, therefore, our statement is as short as possible. With your permission, if necessary, we request the opportunity to submit additional testimony for the record.

Mr. Chairman, as a coalition representing federal and postal employees, we anticipated problems that could arise if Social Security coverage was extended to new government employees. During the debate on the Social Security bill this year, on many occasions we took the opportunity to express our concerns that there would be a dichotomy between new and present employees. That situation becomes a reality on January 1, 1984.

If a solution can be developed to resolve this dichotomy, we as a coalition of 26 federal and postal unions and employee organizations believe that any such solution must meet certain tests to be viable, workable and acceptable.

And, if a solution is indeed going to be enacted into law, it is essential it is agreed to by all interested parties.

Mr. Chairman, there are few, if any, Members of Congress more knowledgeable in the legislative process than you. In dealing with issues as sensitive as this one, it necessitates a consensus. To reach that consensus it is necessary to thoroughly communicate among the involved parties. That is why we appreciate these hearings which give us the opportunity today to work with you and your staff on this issue.

Given that opportunity, we would like to discuss briefly some tests that must be met if a solution is to be achieved. These tests are consistent with FAIR's position since its inception; any variation from

- 3 -

this runs contrary to that historical perspective.

First, contributory funding for the Federal retirement trust funds must continue. It is essential that there be no interruption and no reduction in those contribution levels. Continuing contributions insure that all options remain available, and insure the financial solvency and integrity of the Federal retirement trust funds. //

Second, there must be equity between new employees and present employees. Inequities in contribution levels could result in personnel problems, declining morale, and drops in productivity. To have two employees at the same pay level, doing the same job and yet one contributing 7% toward Civil Service Retirement, and the other contributing 7% to Civil Service Retirement and 7% to Social Security, is inherently inequitable. //

For the government to work effectively, it must be able to attract and retain qualified employees. As employee and retiree organizations, we are concerned with the welfare of current employees and retirees whom we represent.

As organizations dealing with the business of government, we are also concerned that post-1983 hires be treated fairly. And, that there be no fragmentation of the federal workforce.

Mr. Chairman, we welcome the opportunity to work with you and your staff to develop a solution to the dichotomy between new and current federal and postal employees.

I will be more than happy to answer any questions you may have.